



STATE AUDIT COMMITTEE

THURSDAY, SEPTEMBER 29, 2022, 10:00 A.M.
RHODES STATE OFFICE TOWER
30 EAST BROAD STREET, 35TH FLOOR, HUFFMAN PRAIRIE CONFERENCE ROOM
COLUMBUS, OHIO 43215

Members Present: Ann Gabriel
David Beule
Gregory Long
Donald Wells

Members Absent: Philip Renaud, Chair

Call to Order

The meeting was called to order at 9:57 a.m.

Appointment of Chair

Ms. Gabriel informed the State Audit Committee members that Chairman Renaud was unable to attend the Committee meeting and requested a motion to allow her to participate as Chair in order to have a designee for the meeting. Mr. Beule motioned to allow Ms. Gabriel serve as Chair in Chairman Renaud's absence. Mr. Long seconded the motion. The decision was approved with Ms. Gabriel, Mr. Beule, and Mr. Long voting in favor to accept Ms. Gabriel participating as Chair.

Introduction and Oath for New Committee Member

Ms. Gabriel introduced the State Audit Committee's newest member, Donald Wells. Emily Berner, OBM Associate Legal Counsel, then issued the Oath of Office to Mr. Wells.

Approval of Minutes

After confirming no corrections were necessary, Ms. Gabriel asked for a motion to approve the June 29, 2022, State Audit Committee meeting minutes. Mr. Long moved to approve the minutes and Mr. Beule seconded the motion. The four members present voted in favor to approve the meeting minutes.

Bureau of Workers' Compensation (BWC) – Internal Audit Update

David Kooser, BWC Chief of Internal Audit, provided the Committee with a brief update on the FY 2023 BWC internal audit plan and results of the prior year's plan.

Ohio Lottery Commission (OLC) – Internal Audit Update (presented virtually)

Gregory Beyer, OLC Director of Internal Audit, provided the Committee with a brief update on the Lottery Commission's FY 2023 internal audit plan and results of the prior year's plan.

OBM Financial Reporting Update

Linda Shook, OBM Financial Reporting Manager, provided a summary of the FY 2022 financial audit and Single Audit timeline, noting the OBM financial reporting team is currently in the fieldwork phase and working to stay on track to meet key reporting dates.

Jim Kennedy, OBM Senior Deputy Director of Enterprise Services, discussed the material laws relevant to the State's financial statements with the Committee members.

External Audit Update

Debbie Liddil, Chief Auditor from the Auditor of State (AOS) – State Region, provided a brief update on the FY 2022 SOC-1 audits over the Ohio Knowledge Administrative System (OAKS) and the State of Ohio Computer Center (SOCC). Most of the fieldwork on both audits has been completed and is currently undergoing review. Ms. Liddil anticipates the reports for these audits to be issued in October 2022.

Ms. Liddil also provided a brief status on the FY 2022 financial statement audit and the Single Audit of the State. Testing began in the spring for key agencies and is still ongoing, with the financial statement opinion date planned for December 21, 2022, and the Single Audit opinion planned for March 22, 2023.

Ms. Liddil noted they have received the federal compliance supplement for FY 2022. The Coronavirus Relief Fund (CRF) will be removed from testing since the federal government removed it as a high-risk area, and the American Rescue Plan Act (ARPA) funding will have a new place in testing this year. Ms. Liddil indicated there will be additional work with the implementation of the GASB 87 Leases requirement. The extent of additional work necessary will be evaluated once the draft financial statements are received.

Ms. Liddil updated the Committee regarding Revised Code §117.11(B) audits (Audit in Public's Interest) that the AOS Performance Team is conducting at the Ohio Department of Job and Family Services related to the re-employment of unemployed individuals in Ohio, and at the Ohio Department of Medicaid related to testing of the public assistance alerts (PARIS). These audits are anticipated to be completed by end of the calendar year.

CAE Update

Cindy Klatt, OBM Internal Audit's Chief Audit Executive, provided a high-level summary on the first quarter audit activities, including a summary on the FY 2023 annual internal audit plan progress and the status of remediation activities.

Ms. Gabriel asked about the current staffing levels. Ms. Klatt responded there is an IT Auditor vacancy that is posted to be filled. The FY23 annual audit plan was prepared based on the position being filled later in the year.

Kelly Salomone, OBM Internal Audit's Chief of Quality Assurance, presented the results of the internal quality assessments performed over a sample of audit and consulting projects completed during the third and fourth quarters of FY 2022. Ms. Salomone concluded that the Office of Internal Audit is generally conforming with the standards relating to planning engagements, performing engagements, and communicating results.

The Committee paused their meeting for lunch at 11:20 a.m. and reconvened with the four members present at 12:00 p.m.

Executive Session -- At 12:00 p.m., Ms. Gabriel made a motion for the Committee to enter into executive session to discuss confidential matters exempted from public disclosure under Ohio Revised Code Sections 126.48 and 149.433. Preliminary reports of the Office of Internal Audit of the Office of Budget and Management, and reports that constitute a security or infrastructure record are required to be kept confidential under Ohio law. The motion was seconded by Mr. Long. Ms. Gabriel requested a roll call vote; Ms. Gabriel, Mr. Beule, Mr. Long, and Mr. Wells all approved. The Committee ended executive session at 1:05 p.m.

After confirming there were no questions or abstentions, Ms. Gabriel made a motion to accept the final assurance reports submitted by the Office of Internal Audit. The motion was seconded by Mr. Beule, with the four Committee members present voting in favor to accept the final assurance reports.

Pursuant to this motion, the following ten assurance reports were accepted in accordance with Revised Code Section 126.48:

1. Department of Agriculture - Vulnerability/Patch Management
2. Department of Development - Pandemic Subrecipient Monitoring
3. Department of Developmental Disabilities - Asset Management
4. Department of Education - Competitive Grants Review
5. Department of Job and Family Services - Child Care ARPA Review
6. Ohio Lottery Commission - Super Retailer Programs
7. Public Utilities Commission - Procurement
8. Department of Rehabilitation and Correction - Procurement
9. Bureau of Workers' Compensation - Access Controls
10. Bureau of Workers' Compensation - Data Connections

Open Discussion

Ms. Klatt provided the members with the draft CAE/Internal Audit Assessment and asked whether the members wished to discuss any of the edits made before finalizing the assessment. The members indicated it could be finalized.

Ms. Klatt noted the next Committee meeting will be held on December 15, 2022, in which the charters for the State Audit Committee and Internal Audit are scheduled for review. Ms. Klatt told the Committee members she and OBM legal counsel would review the charters for any necessary updates before she provided the members with copies for review prior to the December meeting. Ms. Klatt also stated that the results of the external assessment recently completed over OBM Internal Audit's FY 2022 activities would be shared at the December meeting.

Ms. Klatt reminded the members to take the Annual Ethics Training pursuant to Executive Order 2019-11D before December 31, 2022. This training is now available online via the Ohio Ethics Commission website for the members to take.

Ms. Klatt also noted that she would be sending suggestions for the calendar year 2023 meeting dates in the coming weeks and asked the members to get back to her with any scheduling conflicts.

Ms. Gabriel asked for a motion to adjourn the meeting. Mr. Long moved for the meeting to be adjourned and Mr. Wells seconded the motion. The meeting was adjourned at 1:15 p.m.